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Reply to
Nashville Office

June 10, 2004

Chairman Deborah Taylor Tate
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

04-00168

RE: Petition of Adelphia Business Solutions, Inc., Adelphia Business Solutions Investment, LLC, Adelphia Business Solutions Atlantic, Inc., and Adelphia Business Solutions Operations, Inc. (all d/b/a TelCove) for Approval to Issue Debt

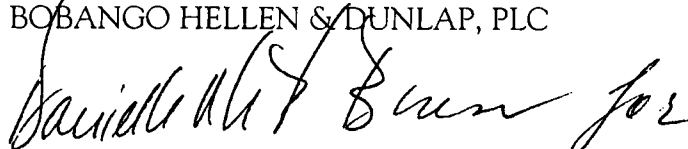
Dear Chairman Tate:

Please find enclosed for filing, an original and 14 copies of the referenced petition accompanied by the \$25.00 filing fee. Please date stamp one copy for my records.

Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC


Charles B. Welch, Jr.

CBW/ale
Enclosure

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

**PETITION OF ADELPHIA BUSINESS SOLUTIONS,
INC., D/B/A TELCOVE FOR APPROVAL TO ISSUE
DEBT**

Docket No. _____

PETITION FOR APPROVAL TO ISSUE DEBT

I. Introduction

Petitioners ("TelCove"), through its undersigned attorneys, hereby respectfully submit the issuance of long-term debt described herein should be deemed compliant with Tennessee Code Annotated Section 65-4-109. Petitioners respectfully request that the Authority determine that it has no jurisdiction over the issuance of debt by TelCove since the transaction occurs at the parent or holding company level, or, in the alternative, approve, on an expedited basis, the proposed financing transactions described herein.

Petitioners submit the following information in support of the Petition.

II. Petitioners

Adelphia Business Solutions, Inc. d/b/a TelCove, Inc. ("TelCove"), is a corporation duly organized and existing under the laws of Delaware. TelCove's principal offices are located at 712 North Main Street, Coudersport, Pennsylvania, 16915. TelCove is the parent corporation of Adelphia Business Solutions Inc. of Nashville, L.P. and Adelphia Business Solutions Operations, Inc. d/b/a TelCove, Inc. TelCove and its subsidiaries, TelCove of Tennessee, Inc. and TelCove

of Nashville, L.P. are the Tennessee Operating Entities, certificated by the Authority and operating in Tennessee as facilities-based carriers.¹

III. Designated Contacts

The designated contact for information regarding this Petition is as follows:

Charles B. Welch, Jr.
Farris Mathews Branan Bobango Hellen & Dunlap, PLC
618 Church Street, Suite 300
Nashville, Tennessee 37219
Tel: (615) 726-1200
Fax: (615) 726-1776

IV. The Proposed Transaction

Petitioners seek authority for TelCove to enter into a secured revolving credit facility with Congress Financial Corporation as lead agent for various lenders from time to time, and successors or assignees thereof, in an amount not to exceed forty-five (45) million dollars. Obligations under the proposed transaction will bear a competitive interest rate based upon the prime rate of interest at terms sufficient to meet the demands of the Petitioners.

The financing will enhance TelCove's financial viability as a recently reorganized company. Specifically, proceeds shall be used for general working capital purposes and to finance the company's growth. To secure the financing, TelCove necessarily must pledge the assets of all of its operating entities, including its Tennessee operations.

¹ See Order Approving Transfer of Authority, In Re Petition for Transfer and Control of Adelphia Business Solutions of Nashville, L.P. and Adelphia Business Solutions Operations, Inc., Docket Number 03-00605, May 6, 2004. Adelphia Business Solutions of Nashville, L.P. was certificated on August 12, 1995 in docket number 94-00661 and Adelphia Business Solutions Operations, Inc. was certificated by the Authority on June 29, 2000 in docket number 00-00271.

V. The TRA Does Not Possess Jurisdiction Over the Approval of The Proposed Transaction

TelCove is a provider of managed network solutions to a wide range of business customers throughout the United States. The proposed transaction will benefit the company as a whole, as well as each individual corporate entity. The assets and collateral of each TelCove operating entity in twenty-six states would be pledged and each operating entity will act as a guarantor to the proposed credit facility. The stock ownership and management of the Tennessee Operating Entities will not change as a result of the financing.

TelCove intends to enter into a Credit Agreement pursuant to which a consortium of lenders has agreed to advance no more than forty-five (45) million dollars to TelCove under a revolving credit agreement. TelCove's obligations under the Loan and Security Agreement will be guaranteed by each state level operating subsidiary, including TelCove of Tennessee, via a guarantee and pledge of their stock, interest and assets. Net proceeds derived from the proposed transaction will be used as working capital for general corporate purposes. At this time, the Petitioners do not have any plans to undertake any material acquisition of property in the State of Tennessee. However, the proceeds from the proposed transactions will indirectly benefit TelCove by allowing for, among other things, financial flexibility, overall enhancements to business operations and improvement in TelCove's service facilities.

Pursuant to Tennessee Code Annotated §65-4-109, the Authority must determine whether proposed financing transactions are compliant with state law and that the purpose of the financing meets the Authority's approval. However, the Authority may decline to consider financing transactions depending upon the specific facts presented. This is especially true if a company having similar operations in many states would create a burden on the Authority. See Tenn. Op. Atty Gen. 99-119. Here, the Petitioners provide services across the country. Because

the proposed transaction takes place at the parent level, the Authority should determine that it does not possess jurisdiction for approval.

VI. The Authority Should Approve This Petition on an Expedited Basis as the Proposed Transaction Is in the Public Interest

If the Authority finds it possesses jurisdiction over the proposed transaction, approval of the Petition is in the public interest, as it will enable TelCove to obtain additional financing and working capital critical to the ability of the Tennessee Operating Entities to continue to offer competitive services in Tennessee.

The proceeds from the proposed transaction will benefit TelCove by allowing broader consumer choice, more efficient utilization of existing resources and facilities, and product and service innovation. The proposed financing will allow Petitioners to continue serving existing Tennessee customers; to construct and operate its networks and facilities; and to improve and enhance Petitioners' service capabilities to benefit existing and prospective customers. The requested financing authority will strengthen the Petitioner's ability to compete in the service market by providing access to greater financial resources. These resources will allow Petitioners to respond to competitive pressures in the evolving market and to continue to provide customers with full facilities-based competitive choice. Thus, the Authority's approval of this Petition will bolster the long-standing goal of fostering competition in the communications market.

To the extent the financing has an impact on customers, it will be positive. The Tennessee Operating Entities will continue to offer existing customers the same services under the same rates, terms and conditions. There will be no service interruptions or changes to the tariffed conditions of the Tennessee Operating Entities' services as a result of the approval of the transactions described herein. Approval of this Petition will also allow customers to continue to receive service without the threat of having to involuntarily change carriers.

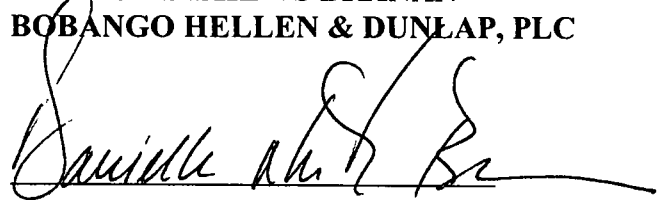
In addition, the Authority is familiar with the operations of the Petitioners. The Authority certificated the Tennessee Operating Entities and approved the Transfer of Authority. In light of the entire operations of the Petitioners, the proposed transaction is reasonable.

WHEREFORE, Petitioners respectfully request that the Authority determine it does not have jurisdiction over the proposed transaction described herein or, in the alternative, approve on an expedited basis, this Petition to allow Petitioners to secure necessary financing in an amount not to exceed forty-five (45) million dollars.

Dated: June 4, 2004

Respectfully submitted,

**FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC**

A handwritten signature in black ink, appearing to read "Charles B. Welch, Jr.", is written over a horizontal line.

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